

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 12, 2021

SCC-CLERK'S OFFICE
DOCUMENT CONTROL CENTER

2021 MAR 12 P 1:45

210320061

APPLICATION OF

APPALACHIAN POWER COMPANY

CASE NO. PUR-2021-00018

For approval of a rate adjustment clause
under Va. Code § 56-585.1 A 4

ORDER FOR NOTICE AND HEARING

On March 5, 2021, Appalachian Power Company ("APCo" or "Company"), pursuant to § 56-585.1 A 4 ("Subsection A 4") of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") its application ("Application") for approval to implement factors to recover its actual and forecast transmission-related costs through its transmission rate adjustment clause ("T-RAC").¹ Specifically, APCo requests permission to recover a proposed total revenue requirement of \$337.7 million through the T-RAC for the July 2021 through June 2022 rate year.²

In its Application, APCo states that the transmission costs sought by the Company fall within the definition of costs deemed reasonable and prudent by Subsection A 4.³ APCo requests a total annual transmission revenue requirement of approximately \$337.7 million, which the Company indicates consists of three parts: (1) \$287.7 million of costs that APCo projects will be incurred during the July 2021 through June 2022 rate year; (2) a cumulative Virginia jurisdictional actual under-recovery, or true-up, balance through January 2021 of \$21.6 million;

¹ Application at 1. Supporting testimony and other documents also were filed with the Application.

² *Id.* at 2.

³ *Id.* at 3.

and (3) a forecast Virginia jurisdictional under-recovery amount of \$28.4 million for the period February 2021 - June 2021.⁴ APCo states that its proposed revenue requirement is an increase of about \$122 million from the expected revenue requirement using rates approved by the Commission in 2018.⁵ APCo states that its proposed T-RAC rates would increase the monthly bill for a residential customer using 1,000 kilowatt hours by \$11.52.⁶

In conjunction with the filing of its Application on March 5, 2021, the Company also filed a Motion for Protective Ruling ("Motion") and a proposed protective ruling that establishes procedures governing the use of confidential information in this proceeding.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; APCo should provide public notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Application; interested persons should have an opportunity to file comments on the Application or participate as a respondent in this proceeding; and the Staff of the Commission ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We also find that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, including ruling on the Company's Motion and filing a final report containing the Hearing Examiner's findings and recommendations.

The Commission further takes judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued

⁴ *Id.* at 3-4.

⁵ *Id.* at 4.

⁶ *Id.*

at both the state and federal levels.⁷ The Commission has taken certain actions, and may take additional actions going forward, that could impact the procedures in this proceeding.⁸

Consistent with these actions, in regard to the terms of the procedural framework established below, the Commission will, among other things, direct the electronic filing of testimony and pleadings, unless they contain confidential information, and require electronic service on parties to this proceeding.

For clarification, we note that the proposed increase to APCo's T-RAC, if approved, would result in an increase to customer bills. We realize that the current COVID-19 public health crisis has caused devastating economic effects that impact all utility customers. We responded to this economic emergency by, among other actions, suspending for approximately six months customer disconnections from utility service and directing Virginia utilities to offer extended payment plans, without late fees for those who are current on such plans, to protect customers from service disconnections. We are sensitive to the effects of rate increases,

⁷ See, e.g., Executive Order No. 51, Declaration of a State of Emergency Due to Novel Coronavirus, COVID-19, issued March 12, 2020, by Governor Ralph S. Northam. See also Executive Order No. 53, Temporary Restrictions on Restaurants, Recreational, Entertainment, Gatherings, Non-Essential Retail Businesses, and Closure of K-12 Schools Due to Novel Coronavirus (COVID-19), issued March 23, 2020, by Governor Ralph S. Northam, and Executive Order No. 55, Temporary Stay at Home Order Due to Novel Coronavirus (COVID-19), issued March 30, 2020, by Governor Ralph S. Northam. These and subsequent Executive Orders related to COVID-19 may be found at: <https://www.governor.virginia.gov/executive-actions/>.

⁸ See, e.g., *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic Service of Commission Orders*, Case No. CLK-2020-00004, Doc. Con. Cen. No. 200330035, Order Concerning Electronic Service of Commission Orders (Mar. 19, 2020), extended by Doc. Con. Cen. No. 200520105, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency*, Case No. CLK-2020-00005, Doc. Con. Cen. No. 200330042, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (Mar. 19, 2020) ("Revised Operating Procedures Order"), extended by Doc. Con. Cen. No. 200520105, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic service among parties during COVID-19 emergency*, Case No. CLK-2020-00007, Doc. Con. Cen. No. 200410009, Order Requiring Electronic Service (Apr. 1, 2020).

especially in times such as these. The Commission, however, must and will follow the laws applicable to this case, as well as the findings of fact supported by evidence in the record.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2021-00018.

(2) All pleadings in this matter shall be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice").⁹ Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. For the duration of the COVID-19 emergency, any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.¹⁰

(3) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission directs that service on parties and the Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and the Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent practicable, in an electronically protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or the Staff is impeded from preparing its case.

(4) As provided by Code § 12.1-31 and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice, a Hearing Examiner is appointed to conduct

⁹ 5 VAC 5-20-10 *et seq.*

¹⁰ As noted in the Revised Operating Procedures Order, submissions to the Commission's Clerk's Office via U.S. mail or commercial mail equivalents may not be processed for an indefinite period of time due to the COVID-19 emergency.

all further proceedings in this matter on behalf of the Commission, including ruling on the Company's Motion and filing a final report containing the Hearing Examiner's findings and recommendations.

(5) Due to the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, the Commission hereby schedules a telephonic hearing for the receipt of testimony from public witnesses on the Application, as follows:

- (a) A hearing for the receipt of testimony from public witnesses on the Application shall be convened telephonically at 10 a.m., on April 26, 2021, with no witness present in the Commission's courtroom.¹¹
- (b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- (c) On or before April 21, 2021, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141.
- (d) Beginning at 10 a.m., on April 26, 2021, the Commission will telephone sequentially each person who has signed up to testify as provided above. This hearing will not be convened, and the parties will be notified of such, if no person signs up to testify as a public witness.
- (e) This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

(6) A public evidentiary hearing on the Application shall be convened immediately following the telephonic witness hearing on April 26, 2021, either in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or by electronic means to receive the testimony and evidence of the Company, any

¹¹ The Commission will convene counsel of record in this proceeding to attend the public witness hearing virtually.

respondents, and the Staff. Further details on this hearing will be provided by subsequent Commission Order or Hearing Examiner's Ruling.

(7) An electronic copy of the Company's Application may be obtained by submitting a written request to counsel for the Company, Noelle J. Coates, Esquire, American Electric Power Service Corporation, 3 James Center, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219, or njcoates@aep.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

(8) On or before April 2, 2021, the Company shall cause the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territory in Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
 APPALACHIAN POWER COMPANY,
 FOR APPROVAL OF A RATE ADJUSTMENT CLAUSE
 PURSUANT TO VA. CODE § 56-585.1 A 4
CASE NO. PUR-2021-00018

- **Appalachian Power Company ("APCo") has applied to update its Rider T-RAC by which it recovers certain transmission and demand response program costs.**
- **APCo requests approval of a revenue requirement of \$337.7 million for its T-RAC for the July 2021 through June 2022 rate year. According to APCo, if approved, this would increase the bill of a residential customer using 1,000 kilowatt hours per month by approximately \$11.52.**
- **Due to the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, a Hearing Examiner appointed by the Commission will hold a telephonic hearing in this case on April 26, 2021, at 10 a.m., for the receipt of public witness testimony. An evidentiary hearing on the Application shall be convened immediately following the telephonic witness hearing on April 26, 2021, to receive the testimony and evidence of the Company, any respondents, and the Staff.**
- **Further information about this case is available on the SCC website at: scc.virginia.gov/pages/Case-Information.**

On March 5, 2021, Appalachian Power Company ("APCo" or "Company"), pursuant to § 56-585.1 A 4 ("Subsection A 4") of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") its application ("Application") for approval to implement factors to recover its actual and forecast transmission-related costs through its transmission rate adjustment clause ("T-RAC"). Specifically, APCo requests permission to recover a proposed total revenue requirement of \$337.7 million through the T-RAC for the July 2021 through June 2022 rate year.

In its Application, APCo states that the transmission costs sought by the Company fall within the definition of costs deemed reasonable and prudent by Subsection A 4. APCo requests a total

annual transmission revenue requirement of approximately \$337.7 million, which the Company indicates consists of three parts: (1) \$287.7 million of costs that APCo projects will be incurred during the July 2021 through June 2022 rate year; (2) a cumulative Virginia jurisdictional actual under-recovery, or true-up, balance through January 2021 of \$21.6 million; and (3) a forecast Virginia jurisdictional under-recovery amount of \$28.4 million for the period February 2021 - June 2021. APCo states that its proposed revenue requirement is an increase of about \$122 million from the expected revenue requirement using rates approved by the Commission in 2018. APCo states that its proposed T-RAC rates would increase the monthly bill for a residential customer using 1,000 kilowatt hours by \$11.52.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals.

TAKE NOTICE that the Commission may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents and thus may adopt rates that differ from those appearing in the Company's Application and supporting documents.

The Commission has taken judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels. In accordance therewith, all pleadings, briefs, or other documents required to be served in this matter shall be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"). Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. For the duration of the COVID-19 emergency, any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission has directed that service on parties and the Commission's Staff in this matter shall be accomplished by electronic means. Please refer to the Commission's Order for Notice and Hearing for further

instructions concerning Confidential or Extraordinarily Sensitive Information.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled public hearings on APCo's Application. On April 26, 2021, at 10 a.m., the Commission will hold a telephonic hearing, with no witness present in the Commission's courtroom, for the purpose of receiving the testimony of public witnesses. On or before April 21, 2021, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141. This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

On April 26, 2021, after the receipt of public witness testimony, either in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or by electronic means, a hearing will be convened to receive testimony and evidence from the Company, any respondents, and the Commission's Staff. Further details on this hearing will be provided by subsequent Commission Order or Hearing Examiner's Ruling.

Electronic copies of the Application and other supporting documents, as well as the Commission's Order for Notice and Hearing, may be obtained by submitting a written request to counsel for the Company, Noelle J. Coates, Esquire, 3 James Center, American Electric Power Service Corporation, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219, or njcoates@aep.com.

On or before April 19, 2021, any interested person may file comments on the Application either electronically by following the instructions on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments, or by filing such comments with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case refer to Case No. PUR-2021-00018.

On or before April 9, 2021, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at: scc.virginia.gov/clk/efiling or at the physical address listed above. Such notice of participation shall include the email addresses of such parties or their counsel. A copy of the notice of participation as a respondent also must be sent to counsel for the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUR-2021-00018. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

On or before April 9, 2021, each respondent may file with the Clerk of the Commission, either electronically or at the physical address set forth above, and serve on the Commission's Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. In all filings, respondents shall comply with the Commission's Rules of Practice, as modified by the Commission's Order for Notice and Hearing, including, but not limited to: 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2021-00018.

Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified by the Commission's Order for Notice and Hearing, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

The Commission's Rules of Practice, APCo's Application, the Commission's Order for Notice and Hearing, and other documents filed in this case may be viewed on the Commission's website at: scc.virginia.gov/pages/Case-Information.

APPALACHIAN POWER COMPANY

(9) The Company shall serve each official listed in 20 VAC 5-204-10 J 1 as provided by 20 VAC 5-204-10 J 2.

(10) On or before April 16, 2021, the Company shall file with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, or electronically at scc.virginia.gov/clk/efiling/, proof of the notice and service required by Ordering Paragraphs (8) and (9), including the name, title, address and electronic mail address (if applicable), of each official served.

(11) On or before April 19, 2021, any interested person may file written comments on the Application by following the instructions on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments or by filing such comments with the Clerk of the Commission at the physical address listed above. All comments shall refer to Case No. PUR-2021-00018.

(12) On or before April 9, 2021, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at: scc.virginia.gov/clk/efiling or at the physical address listed above. Such notice of participation shall include the email addresses of such parties or their counsel. The respondent shall serve a copy of the notice of participation on counsel to the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2021-00018.

(13) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of the Application and this Order for Notice unless these materials already have been provided to the respondent.

(14) On or before April 9, 2021, each respondent may file with the Clerk of the Commission, either electronically or at the physical address set forth above, and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. In all filings, respondents shall comply with the Commission's Rules of Practice, as modified herein, including, but not limited to: 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2021-00018.

(15) The Staff shall investigate the Application. On or before April 9, 2021, Staff shall file with the Clerk of the Commission, its testimony and exhibits, and each Staff witness's testimony shall include a summary not to exceed one page. Staff shall serve a copy thereof on counsel to APCo and all respondents.

(16) On or before April 16, 2021, APCo shall file with the Clerk of the Commission:

(a) any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page; and (b) a summary not to exceed one page of each direct witness's testimony if not previously included therewith. The Company shall serve a copy of its rebuttal testimony and exhibits on the Staff and all respondents.

(17) Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully

with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(18) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within four (4) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney if the interrogatory or request for production is directed to the Staff.¹² Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(19) This matter is continued.

A COPY hereof shall be sent electronically by the Clerk of the Commission to:

Noelle J. Coates, Esquire, American Electric Power Service Corporation, 3 James Center, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219, njcoates@aep.com; James R. Bacha, Esquire, American Electric Power Service Corporation, 1 Riverside Plaza, Columbus, Ohio 43215, jrbacha@aep.com; and C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219, MBrowder@oag.state.va.us.

¹² The assigned Staff attorney is identified on the Commission's website, scc.virginia.gov/pages/Case-Information, by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2021-00018, in the appropriate box.